



## INDEPENDENT SOCIAL RESEARCH FOUNDATION

### *Standard Charitable Revenue and Equity-Sharing Terms*

These Standard Terms are intended to organise the sharing of the charitable revenue and equity between the Independent Social Research Foundation and any Grantee and/or any University, generated by the commercial exploitation of the results of any research the ISRF has funded.

The following terminology applies to these Standard Terms:

#### **1. DEFINITIONS**

- 1.1. **'Cumulative Income'** means total Net Income received as a result of exploitation of the ISRF-funded Outcome of Research.
- 1.2. **'Direct Costs'** means all reasonable Intellectual Property legal costs and other incidental expenses that are incurred directly in connection with exploitation of the ISRF-funded Outcome of Research.
- 1.3. **'Equity'** means the issuing of equity or any other interest (whether by way of debenture, warrant, security or otherwise) from time to time in any company in consideration of the assignment or grant of a licence or an option thereto to such company in respect of any ISRF-Funded Outcome of Research.
- 1.4. **'Exploiting Party'** means whichever of the University or Grantee as is or will be responsible for commercialisation and exploitation of the ISRF-Funded Outcome of Research. For these purposes, 'exploitation' includes but is not limited to commercialisation by way of licence, assignment, option, sale, research collaboration or other agreement, or for cash or equity consideration.
- 1.5. **'Grantee'** means any individual recipient of a Grant.
- 1.6. **'Grant'** means any grant, including any fellowship, award, etc.. awarded by the ISRF to any Grantee to support their research in the field of social sciences.
- 1.7. **'Gross Income'** means all cash sums or other monetary consideration actually received in respect of exploitation of the ISRF-Funded Outcome of Research, including licence, signing and option fees, royalties, and milestones, including any Equity or other interests (whether by way of debenture, warrant, security or otherwise) but excluding monies paid specifically to fund the undertaking of a research programme.
- 1.8. **'ISRF'** means the Independent Social Research Foundation, public benefit foundation, whose registered address at Heiligkreuz 6, P.O. Box 129, 9490 Vaduz, Liechtenstein.
- 1.9. **'ISRF-Funded Outcome of Research'** means any and all results of research which is or has been created, exemplified or developed (whether in whole or in part) using the Grant.
- 1.10. **'ISRF Letter incorporating Terms and Conditions'** means any award letter, grant letter, fellowship letter sent to any Grantee incorporating the terms and conditions of the Grant, as may be specific to each Grantee.
- 1.11. **'Net Income'** means Gross Income less:
  - (a) Direct Costs and
  - (b) any applicable taxes on Gross Income and Direct Costs
- 1.12. **'University'** means any University or other organisation which employs or otherwise collaborates with a Grantee.

## 2. CONSENT TO EXPLOIT ISRF-FUNDED OUTCOME OF RESEARCH

- 2.1. The Grantee and the University should seek the ISRF's consent to commercially exploit the results of any research it has funded.
- 2.2. Consent will not be unreasonably withheld, and in principle the ISRF will only refuse such a request where it considers that the proposed commercial exploitation would run counter to its interests and charitable objectives.

## 3. REVENUE SHARING

3.1. In consideration for consent being granted pursuant to clause 2 above, the Grantee and the University shall share Gross Income and Equity received in respect of an ISRF-funded Outcome of Research as set out in this clause 1.11.

3.2. The Grantee shall first determine if:

- (a) the Grant is the sole source of funding for the ISRF-funded Outcome of Research, in which case clauses 3.3 and 3.4 shall apply to the total Gross Income or Equity received in respect of that ISRF-funded Outcome of Research, or
- (b) the Grant is not the sole source of funding for the ISRF-funded Outcome of Research, in which case the Gross Income or Equity received in respect of that ISRF-funded Outcome of Research shall be pro-rata calculated to take into account the proportionate funding contributions of the ISRF and other third party funders of each Grantee as appropriate (such funding contribution to exclude any salary support provided by the Universities from their internal funding, overhead or other indirect costs including for the avoidance of doubt higher education funding or council funding);

and the revenue-sharing formulae set out in clauses 3.3 and 3.4 below shall then apply to the portions of Gross Income or Equity attributed to the ISRF contribution pursuant to this clause 3.2(b).

### INCOME SHARING:

3.3. Where income is received then the Grantee and the University shall in respect of each individual ISRF-funded Outcome of Research that is exploited:

- (a) receive Gross Income due;
- (b) deduct and reimburse as appropriate any and all Direct Costs;
- (c) distribute remaining Net Income received in the following revenue brackets (determined by reference to Cumulative Income) as follows:

Cumulative Income	Grantee/University	ISRF
£0 – £5000	100% (one hundred per cent)	0
£5000 – Amount of the Grant	30% (thirty per cent)	70% (seventy per cent)
≥Amount of the Grant	50% (fifty per cent)	50% (fifty per cent)

## EQUITY SHARING AND POTENTIAL FUTURE INVESTMENT

3.4. Where rights to take Equity are received then the Grantee shall in respect of each individual ISRF-funded Outcome of Research that is exploited:

(a) share any Equity received in the following proportions, and

Grantee/University	ISRF
50% (fifty per cent)	50% (fifty per cent)

(b) use all reasonable endeavours to ensure that the Equity is issued on terms whereby the proportionate shareholdings due to the parties are issued direct to them.

3.5. For the avoidance of doubt, the ISRF's share of any Net Income or Equity shall be allocated to the ISRF prior to the deduction of any reward to the University's employees or students who are inventors of the ISRF-Funded Outcome of Research. The University shall be solely responsible for the payment of such reward (in accordance with its internal policies) out of the revenue and equity share to which it is entitled under clauses 3.3 and 3.4 above.

3.6. Notwithstanding the terms of this clause 3, the University and the Grantee shall be free to agree how to share between themselves shares of Net Income and/or Equity due to either or both of them under these Standard Terms.

3.7. Notwithstanding the terms of these Standard Terms, the ISRF shall be free to accept a lower participation or to wave any participation in income or equity.

## 4. ACCOUNTING, REPORTING AND PAYMENTS

4.1. On an annual basis, the Grantee and the University shall provide to the ISRF a statement or statements setting out financial information for the preceding 12-month period ending on such annual accounting date in respect of each ISRF-funded Outcome of Research commercialised, including Gross Income, Net Income, Cumulative Income, Direct Costs, Equity, revenue shares and taxes. All such statements shall include a breakdown of the calculations on which the amounts involved were determined. The Grantee and the University shall send to the ISRF the appropriate payments required in respect of such statements within 14 (fourteen) days of receipt of the proper VAT invoice(s).

4.2. The Grantee and the University shall keep accurate records and accounts, and the ISRF shall have the right to audit these in accordance with standard UK accounting practice upon request. The Grantee and the University shall provide the ISRF with copies of supporting financial documentation upon reasonable request. Late payments shall be subject to interest payable on demand at the rate of 4 (four) per cent above the then current Bank of England base rate. Interest shall be calculated daily and compounded quarterly from the due date to the actual date of payment inclusive.

4.3. All payments shall be made in pounds sterling unless otherwise agreed, and shall be exclusive of any taxes or duties that may be imposed, including value added tax, which shall where applicable be payable in addition at the rate in force at the due time for payment.

## 5. MONITORING ISRF-FUNDED OUTCOME OF RESEARCH

5.1. With respect to the ISRF-Funded Outcome of Research, the Grantee and the University must:

(a) unless otherwise agreed, provide to the ISRF as and when they arise:

- i) copies of any signed agreements entered into; and
- ii) details of any intellectual property applications, grants and abandonments (including title, filing number and date);

b) deliver at least annually an exploitation report detailing the commercialisation activities for that year to the ISRF; and

c) arrange and hold update meetings at least once every six (6) months, or at such other intervals as may be otherwise agreed with the ISRF.

## **6. GENERAL**

- 6.1. These Standard Terms shall take effect from the date that exploitation takes place, and shall terminate on whichever is the later of the expiry of any intellectual property right issued in respect of the ISRF-funded Outcome of Research or when all revenues due in respect of exploitation of the ISRF-funded Outcome of Research have been distributed to the parties in accordance with the provisions herein.
- 6.2. These Standard Terms are in addition to any ISRF Letter incorporating Terms and Conditions, which continue to apply. Should there be any conflict between these Standard Terms and any ISRF Letter incorporating Terms and Conditions, then these Standard Terms shall prevail.
- 6.3. If any provisions of these Standard Terms are held to be invalid, illegal or unenforceable (in whole or in part) such provisions or parts shall to that extent be deemed not to form part of these Standard Terms but the remainder of these Standard Terms shall continue in full force and effect.
- 6.4. These Standard Terms (and any dispute, controversy, proceedings or claim of whatever nature arising out of these Standard Terms) shall be governed by and construed in accordance with the laws of the United Kingdom.